



UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

NOMADIX, INC.,) Case No. CV 09-08441 DDP (VBKx)
)
Plaintiff,) **ORDER DENYING DEFENDANTS' MOTION**
) **TO DISMISS FOR LACK OF SUBJECT**
v.) **MATTER JURISDICTION**
)
HEWLETT-PACKARD COMPANY, a) [Docket No. 715]
Delaware corporation;)
WAYPORT, INC., a Delaware)
corporation; IBAHN)
CORPORATION, a Delaware)
corporation; GUEST-TEK)
INTERACTIVE ENTERTAINMENT)
LTD., a Canadian)
corporation; GUEST-TEK)
INTERACTIVE ENTERTAINMENT,)
INC.; a California)
corporation; LODGENET)
INTERACTIVE CORPORATION, a)
Delaware corporation;)
LODGENET STAYONLINE, INC., a)
Delaware corporation; ARUBA)
NETWORKS, INC.; a Delaware)
corporation; SUPERCLICK,)
INC., A Washington)
corporation; SUPERCLICK)
NETWORKS, INC., a Canadian)
corporation,)
Defendants..)

1 Presently before the court is Defendants' Motion to Dismiss
2 for Lack of Subject Matter Jurisdiction ("Motion"). Having
3 reviewed the parties' moving papers and heard oral argument, the
4 court denies the Motion and adopts the following Order.

5 **I. BACKGROUND**

6 Defendants Wayport, Inc., Hewlett-Packard Company, iBAHN
7 Corporation, Aruba Networks, Inc., Superclick, Inc., Superclick
8 Networks, Inc., and Solutioninc Technologies Ltd. (collectively,
9 "Defendants") argue that Plaintiff Nomadix, Inc. ("Nomadix") lacks
10 standing and has failed to join an indispensable party, because the
11 University of California ("UC") is a co-owner of the patents at
12 issue. Defendants therefore ask the court to dismiss the case
13 pursuant to Federal Rules of Civil Procedure 12(b)(1) and 12(b)(7).

14 **II. LEGAL STANDARD**

15 The Patent Statute provides that "[a] patentee shall have
16 remedy by civil action for infringement of his [or her] patent."
17 35 U.S.C. § 281. When a patent is co-owned, each joint owner has
18 equal rights absent an agreement to the contrary. See 35 U.S.C. §
19 262. A joint owner must therefore join all co-owners to establish
20 standing for an infringement action. See Enovsys LLC v. Nextel
21 Commc'ns, Inc., 614 F.3d 1333, 1341 (Fed. Cir. 2010). An
22 assignment conveys title in a patent, and a successor in title by
23 assignment is a "patentee." See 35 U.S.C. §§ 100(d), 261. "The
24 recording of an assignment . . . creates a presumption of validity
25 as to the assignment and places the burden to rebut such a showing
26 on one challenging the assignment." SiRF Tech., Inc. v. Int'l
27 Trade Comm'n, 601 F.3d 1319, 1327-28 (Fed. Cir. 2010).

1 Federal Rule of Civil Procedure 19 governs joinder of
2 indispensable parties. As the Ninth Circuit has explained, the
3 Rule 19 analysis involves "three successive inquiries." EEOC v.
4 Peabody W. Coal Co., 400 F.3d 774, 779 (9th Cir. 2005). First, the
5 court considers whether joinder of the party is necessary, pursuant
6 to Rule 19(a). Id. Joinder of a party is necessary if either: 1)
7 "in [the party's] absence, the court cannot accord complete relief
8 among existing parties"; or 2) the party "claims an interest
9 relating to the subject of the action," such that proceeding in the
10 party's absence would prejudice that interest or subject an
11 existing party to a substantial risk of multiple or inconsistent
12 obligations. Fed. R. Civ. Pro. 19(a)(1). If joinder is necessary,
13 the court then asks whether joinder is feasible in terms of
14 jurisdiction and venue. See Peabody, 400 F.3d at 779. Last, if
15 joinder is not feasible, the court must determine whether the case
16 can justly proceed in the party's absence, or whether it should be
17 dismissed. See id. Rule 19(b) lists four factors courts should
18 consider: 1) prejudice to the existing parties or absentee; 2) the
19 extent to which any prejudice could be mitigated; 3) the adequacy
20 of a judgment without the absentee; and 4) whether plaintiff would
21 have an adequate remedy if the case were dismissed for nonjoinder.

22 **III. DISCUSSION**

23 A full recitation of the disputed facts is unnecessary to
24 resolve this Motion. Relevant here, Nomadix has provided evidence
25 of assignments establishing a presumption of legal title in the
26 patents. Defendants argue, however, that the named patent
27 inventors and co-founders of Nomadix, Dr. Leonard Kleinrock and Dr.
28 Mark Short, developed the patent technology using resources

1 obtained through UC. Because Dr. Short signed a "Patent Agreement"
2 agreeing to assign to UC any "possibly patentable" inventions
3 developed using its resources, Defendants contend that UC is co-
4 owner of the patents and therefore must be party to this suit.
5 Specifically, the Patent Agreement provides that all inventions
6 "shall be examined by [UC] to determine rights and equities
7 therein." Then, "[i]n the event any such invention shall be deemed
8 by [UC] to be patentable, and [UC] desires to seek patent
9 protection thereon, [Dr. Short] shall . . . assign to [UC] all
10 rights, title, and interest therein." (Decl. of Hugh Abrams in
11 Supp. of Mot. ("Abrams Decl."), Ex. 1.)

12 Dr. Kleinrock and UC also later signed an "Agreement of Non-
13 Assertion of Invention Rights" ("Non-Assertion Agreement"), as to
14 two of the patents at issue. In the Agreement, UC states that it
15 "is prepared [to] disclaim [any] patent rights" that it "may have
16 had in these patents," if Dr. Kleinrock "assert[s] that no [UC]
17 funds or facilities were used to develop the invention and thus it
18 is outside the scope of [his] employment with [UC]." (Id. at Ex.
19 3.) Defendants contend that the Non-Assertion Agreement therefore
20 fails to transfer any UC rights, since it is contingent on Dr.
21 Kleinrock's allegedly false representation that he did not use UC
22 resources. Defendants further argue that the Agreement actually
23 confirms UC's ownership rights "because, absent a 'quit-claim' of
24 rights, one cannot agree not to assert what one does not own."
25 (Reply at 6.) Again, because UC purportedly retains these patent
26 ownership rights, Defendants claim that Nomadix lacks standing and
27 has failed to join an indispensable party. The court disagrees.

28

1 Dispositive as to standing, Defendants correctly concede that
2 UC does not hold "present legal title" to the patents. (Id. at 5
3 (emphasis added).) As Nomadix explains, promissory language in an
4 agreement to assign is insufficient to transfer legal title, under
5 binding Federal Circuit precedent. See Bd. Of Tr. of the Leland
6 Stanford Junior Univ. v. Roche Molecular Sys., 583 F.3d 832, 841-42
7 (Fed. Cir. 2009) (explaining that such language may vest the
8 promisee with certain equitable rights but does not transfer title,
9 and that Federal Circuit law controls on this issue), aff'd, 131 S.
10 Ct. 2188 (2011); IpVenture, Inc. v. Prostar Computer, Inc., 503
11 F.3d 1324, 1327 (Fed. Cir. 2007) (vacating a district court
12 decision based in part on California law, and applying federal law
13 in finding similar promissory language to constitute an "agreement
14 to assign," not an assignment of title).

15 Contrary to Defendants' contention, the Non-Assertion
16 Agreement does not change the analysis. Although Defendants may be
17 correct that the Agreement does not effect a binding transfer of
18 any UC rights to the patents, it certainly does not "confirm[] . .
19 . the [UC's] ownership rights." (Reply at 6 (emphasis added).)
20 Rather, UC states that it will not assert any rights that it "may
21 have had" in the patents, based on Dr. Kleinrock's representations.
22 (Abrams Decl., Ex. 3 at 2 (emphasis added).)

23 Defendants also mistakenly argue "that the case must be
24 dismissed" because UC may have "equitable rights to the patentable
25 inventions." (Reply at 5 (emphasis added).) Unlike legal title,
26 "a third party's equitable rights in a patent may not be asserted
27 as a defense in an action for infringement brought by the owner of
28 title to the patent." Mercantile Nat'l Bank of Chicago v. Howmet

1 Corp., 524 F.2d 1031, 1034 (7th Cir. 1975); Advanced Magnetic
2 Closures, Inc. v. Rome Fastener Corp., No. 98 Civ. 7766, 2007 WL
3 1552395, at *7 (S.D.N.Y. May 29, 2007) (explaining that "'it is no
4 defense that the [plaintiff] obtained or retains title in breach of
5 a contractual or other obligation to another (such as a contractual
6 obligation to assign the patent to an employer or former employer)'
7 and '[s]uch equitable interests do not defeat standing to sue for
8 infringement" (quoting 8 Donald S. Chisum, Chisum on Patents §
9 21.03) (alterations in original)). Defendants cite no cases to the
10 contrary; the cases they do cite for lack of standing all involve
11 legal title, and it is immaterial "that in some circumstances an
12 equitable owner without legal title may pursue equitable remedies."
13 Top Victory Elecs. v. Hitachi, Ltd., No. C 10-01579, 2010 WL
14 4722482, at *3 (N.D. Cal. Nov. 15, 2010) (citing Arachnid, Inc. v.
15 Merit Indus., Inc., 939 F.2d 1574, 1578-80 (Fed. Cir. 1991)).

16 Similarly, as to Rule 19, Defendants cite no decisions
17 requiring joinder of a party who holds only a potential equitable
18 interest in asserted patents. To the contrary, at least one court
19 has found such a party not indispensable on materially identical
20 facts. See Sigma Eng'g Serv., Inc. v. Halm Instrument Co., 33
21 F.R.D. 129, 130 (E.D.N.Y. 1963). As the court explained there, a
22 third party's equitable rights "would not entitle [that party] to
23 thereafter sue the defendant although it would entitle it to
24 recover against the plaintiff as trustee." Id. For the same
25 reason, joinder of UC is not necessary here: the court can still
26 accord complete relief among the existing parties; and doing so
27 will not prejudice UC's potential equitable interest or subject
28

1 Defendants to multiple or inconsistent obligations, since UC can
2 later seek relief from Nomadix but not from Defendants.

3 **IV. CONCLUSION**

4 For all of these reasons, the court finds that joinder of UC
5 is not required for standing or under Rule 19. The court therefore
6 DENIES Defendants' Motion to Dismiss.

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8 IT IS SO ORDERED.

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11 Dated: May 7, 2012



DEAN D. PREGERSON
United States District Judge